

SENATE BILL 396

Q7

0lr1908

SB 691/09 – B&T

By: ~~Senator Middleton~~ Senators Middleton, Garagiola, Currie, Kasemeyer, Brinkley, DeGrange, Edwards, Jones, King, Kramer, Madaleno, McFadden, Munson, Peters, Robey, Stoltzfus, and ~~Zirkin~~ Zirkin, Glassman, Kittleman, and Dyson

Introduced and read first time: January 29, 2010

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: April 6, 2010

CHAPTER _____

1 AN ACT concerning

2 **Maryland Estate Tax – Pilot Program for Payment Deferral for Qualified**
3 **Agricultural Property**

4 FOR the purpose of providing for a certain payment deferral under certain
5 circumstances for certain Maryland estate tax imposed on certain agricultural
6 property; providing that Maryland estate tax subject to a payment deferral shall
7 become due immediately under certain circumstances; providing that certain
8 Maryland estate tax subject to a payment deferral shall be paid without interest
9 in accordance with a certain schedule over a certain period; requiring the
10 Comptroller to submit a certain report to the General Assembly and the
11 Maryland Agricultural Land Preservation Foundation by a certain date;
12 providing for the application of this Act; providing for the termination of this
13 Act; defining certain terms; and generally relating to a pilot program for a
14 payment deferral under certain circumstances for certain Maryland estate tax
15 imposed on certain agricultural property.

16 BY adding to

17 Article – Tax – General

18 Section 7–307(e)

19 Annotated Code of Maryland

20 (2004 Replacement Volume and 2009 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That the Laws of Maryland read as follows:

3 Article – Tax – General

4 7–307.

5 (E) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE
6 THE MEANINGS INDICATED.

7 (II) “FARMING PURPOSES” HAS THE MEANING STATED IN §
8 2032A(E)(5) OF THE INTERNAL REVENUE CODE.

9 (III) “QUALIFIED AGRICULTURAL PROPERTY” MEANS REAL
10 OR PERSONAL PROPERTY THAT IS USED PRIMARILY FOR FARMING PURPOSES.

11 (IV) “QUALIFIED RECIPIENT” MEANS AN INDIVIDUAL WHO
12 ENTERS INTO AN AGREEMENT TO USE QUALIFIED AGRICULTURAL PROPERTY
13 FOR FARMING PURPOSES AFTER THE DECEDENT’S DEATH.

14 (2) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, ON
15 APPLICATION OF THE PERSON RESPONSIBLE FOR PAYING THE MARYLAND
16 ESTATE TAX, THE COMPTROLLER SHALL ALLOW A PAYMENT DEFERRAL FOR UP
17 TO ~~5~~ 3 YEARS FROM THE DUE DATE SPECIFIED IN § 7–306 OF THIS SUBTITLE
18 FOR THE MARYLAND ESTATE TAX IMPOSED ON QUALIFIED AGRICULTURAL
19 PROPERTY THAT PASSES FROM THE DECEDENT TO OR FOR THE USE OF A
20 QUALIFIED RECIPIENT.

21 (3) (I) ~~THE~~ SUBJECT TO SUBPARAGRAPH (II) OF THIS
22 PARAGRAPH, THE AMOUNT OF TAX ELIGIBLE FOR A PAYMENT DEFERRAL AS
23 PROVIDED UNDER THIS SUBSECTION IS THE AMOUNT DETERMINED BY
24 MULTIPLYING THE MARYLAND ESTATE TAX BY A FRACTION:

25 ~~(I)~~ 1. THE NUMERATOR OF WHICH IS THE VALUE OF
26 QUALIFIED AGRICULTURAL PROPERTY THAT PASSES FROM THE DECEDENT TO
27 OR FOR THE USE OF A QUALIFIED RECIPIENT; AND

28 ~~(II)~~ 2. THE DENOMINATOR OF WHICH IS THE VALUE OF
29 THE GROSS ESTATE OF THE DECEDENT.

30 (II) THE AMOUNT OF TAX DEFERRED UNDER THIS SECTION
31 MAY NOT EXCEED \$375,000 AS TO ANY DECEDENT.

32 (4) NOTWITHSTANDING A PAYMENT DEFERRAL UNDER THIS
33 SUBSECTION, THE MARYLAND ESTATE TAX ON QUALIFIED AGRICULTURAL

1 PROPERTY THAT PASSES FROM THE DECEDENT TO OR FOR THE USE OF A
2 QUALIFIED RECIPIENT DEFERRED UNDER THIS SECTION SHALL BECOME DUE
3 IMMEDIATELY IF THE QUALIFIED RECIPIENT CEASES TO USE THE QUALIFIED
4 AGRICULTURAL PROPERTY FOR FARMING PURPOSES BEFORE THE TAX IS PAID.

5 (5) NOTWITHSTANDING § 13-601(D) OF THIS ARTICLE, INTEREST
6 DOES NOT BEGIN ON UNPAID MARYLAND ESTATE TAX THAT IS ALLOWED A
7 PAYMENT DEFERRAL UNDER THIS SUBSECTION UNTIL THE TAX IS DUE UNDER
8 THIS SUBSECTION.

9 (6) IF A PAYMENT DEFERRAL IS ALLOWED UNDER THIS
10 SUBSECTION, A QUALIFIED RECIPIENT SHALL PAY THE DEFERRED MARYLAND
11 ESTATE TAX, WITHOUT INTEREST, IN ACCORDANCE WITH A PAYMENT SCHEDULE
12 PRESCRIBED BY THE COMPTROLLER OVER A 3-YEAR PERIOD BEGINNING IN
13 THE 4TH YEAR AFTER THE DUE DATE.

14 ~~(6)~~ (7) TO BE ELIGIBLE FOR A PAYMENT DEFERRAL UNDER
15 THIS SUBSECTION, A QUALIFIED RECIPIENT SHALL:

16 (I) FILE AN APPLICATION FOR THE PAYMENT DEFERRAL
17 AND ENTER INTO AN AGREEMENT IN A FORM SPECIFIED BY THE COMPTROLLER
18 TO USE THE QUALIFIED AGRICULTURAL PROPERTY FOR FARMING PURPOSES
19 AFTER THE DECEDENT'S DEATH; AND

20 (II) FILE PERIODIC REPORTS OR ALLOW PERIODIC
21 INSPECTIONS AS REQUIRED BY THE COMPTROLLER TO ADMINISTER THE
22 PROVISIONS OF THIS SUBSECTION.

23 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1,
24 2013, the Comptroller shall submit a report to the General Assembly, in accordance
25 with § 2-1246 of the State Government Article, and the Maryland Agricultural Land
26 Preservation Foundation on:

27 (1) the number of approved applications for Maryland estate tax
28 payment deferral;

29 (2) the number of agricultural acres in which a Maryland estate tax
30 payment deferral was approved under the payment deferral pilot program;

31 (3) the number of qualified agricultural properties approved for
32 Maryland estate tax payment deferral that apply to preserve agricultural land under
33 the Maryland Agricultural Land Preservation Foundation;

34 (4) the aggregate value of Maryland estate tax payment deferrals
35 approved under the payment deferral pilot program;

1 (5) the aggregate amount of Maryland estate taxes paid due to
2 exceeding the maximum amount eligible for payment deferral under the payment
3 deferral pilot program; and

4 (6) recommendations for implementing a Maryland estate tax
5 payment deferral program in the State.

6 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
7 effect July 1, 2010, and shall be applicable to decedents dying after December 31,
8 2010. It shall remain effective for a period of 4 years and, at the end of June 30, 2014,
9 with no further action required by the General Assembly, this Act shall be abrogated
10 and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.